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IN THE

Supreme Court of the United States

OCTOBER TERM, 1975

No. 75-165

ADVANCED HYDRAULICS, INC.,
Petitioner,

v.

OTIS ELEVATOR COMPANY,
Respondent.

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SEVENTH CIRCUIT

BRIEF FOR RESPONDENT IN OPPOSITION

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Counterstatement of the Case

This is a patent infringement suit brought by Petitioner, Advanced Hydraulics, Inc. (hereinafter "Advanced"), against Respondent, Otis Elevator Co. (hereinafter "Otis"), alleging infringement of Advanced's United States Patent No. 2,647,590, issued in 1953, and expired in 1970. Advanced first charged Otis with infringement of this patent by letter of June 30, 1967, concluding its letter with a threat of immediate legal action if Otis did not respond to the charge.

On July 5, 1967, Otis informed Advanced that it was investigating the matter, and on September 29, 1967, Otis responded to Advanced's threat, stating in part:

> "We have investigated this matter and have concluded that we can find no basis for a determination that any of our Baker trucks constitute an infringement of any valid claim of patent 2,647,590. *If you persist in your belief that one or more of our trucks infringe this patent and wish to describe to us specifically what structure is believed to constitute this infringement we shall be pleased to review our decision.*" (Emphasis added.)

Advanced never responded to Otis' letter. It never particularized any of the structures alleged to infringe. It never expressed any disagreement with Otis' assertion of non-infringement. Rather, it stood mute for a period of five (5) years, until September 26, 1972 when it filed the complaint in this action.

During this period of silence Otis continued its business under the growing impression that the charge of infringement was as empty as the threat of immediate legal action. Advanced permitted Otis to continue in that belief through 1969 when the only witness who had knowledge of the facts surrounding the genesis of this ancient alleged invention, the inventor, died.* Advanced's silence continued through 1970 when the patent expired, and up to 1972 when suddenly Advanced renewed the charge of infringement of this then nineteen-year-old expired patent. The chronology and relationship of these events is depicted graphically in the Appendix hereto as they were in both Courts below.

Based on these undisputed facts, the District Court granted summary judgment, holding Advanced's belated

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* His testimony was critical to the forefeiture issue raised by Otis. See *Advanced Hydraulics, Inc.* v. *Otis Elevator Co.*, —— F.2d ——, ——, 186 U.S.P.Q. 1, 5 (7 Cir. 1975).

claim to be barred by the equitable doctrines of laches and estoppel. The United States Court of Appeals for the Seventh Circuit affirmed in an opinion written by Associate Justice Tom C. Clark, United States Supreme Court (Ret.), sitting by designation.

ARGUMENT

Advanced gives only one reason in support of its petition for a writ of certiorari, namely that in its view the decision of the Seventh Circuit conflicts with decisions of this Court and other Courts of Appeal. Advanced asserts that:

> "A valid claim on the grounds of laches requires proof of both (1) lack of diligence by the party against whom the defense is asserted, and (2) prejudice to the party asserting the defense." (Pet. 4)*

Similarly, on the estoppel issue Advanced states:

> "To carry its burden on the estoppel issue, respondent was required to prove that it was misled and that it was damaged as a result of reliance on whatever misleading activities petitioner may have engaged in." (Pet. 10.)

But, even the briefest examination of the decision below demonstrates that the Court applied precisely the standards asserted by Advanced. The Court of Appeals stated those standards as follows:

> "The law of this Circuit on laches and estoppel is clear. *Mere delay is not sufficient,* but where 'deferrment of action to enforce claimed rights is prolonged and inexcusable *and operates to defendant's material prejudice,*' laches is 'an effectual bar' to recovery.
>
> * * * * *

* Pet. refers to Advanced's Petition.

> Estoppel, on the other hand, as Judge Lindley once defined it, 'arises only where one has so acted as to mislead another, *and the one thus misled has relied upon the action of the inducing party to his prejudice.*' " —— F.2d ——, ——, 186 U.S.P.Q. 1, 3 (7 Cir., 1975) (Emphasis added) (Citations omitted).

Therefore, the alleged conflict in the legal standard applied by the Court below is non-existent and Advanced's Petition reduces itself to the factual argument that Otis' proof of prejudice was insufficient to satisfy the proper and consistent legal standard applied by the Court of Appeals. In other words, what Advanced really seeks is an evidentiary review of the findings against it below. Such a review is clearly not the function of a writ of certiorari. This is especially true in this case where the District Court specifically found that Otis was prejudiced and those findings were affirmed by the Court of Appeals. The District Court stated:

> "4. Defendant is seriously prejudiced by plaintiff's unreasonable and inexcusable delay in failing to bring this action until 1972, after threat of suit in 1967, and in failing to respond promptly, or at all, to defendant's request for particulars of infringement. Plaintiff is guilty of laches barring its claim.
>
> • • • • •
>
> 6. Plaintiff's delay in bringing this litigation for five years after threatening immediate suit and ignoring the defendant's request for particulars of infringement, and the resultant loss of evidence of the inventor in respect of the inventor's acts, prejudiced defendant, and bars plaintiff's claim." —— F. Supp. ——, ——, 183 U.S.P.Q. 797, 799 (N.D. Ill. 1974) (Citations omitted).

Thus, the Court of Appeals and the District Court are in complete agreement that Advanced's failure to respond to

Otis' September 29, 1967 letter, coupled with its five-year silence between the threat of immediate suit and the institution of this action, were unreasonable and unexcused, and resulted in Otis being misled and prejudiced.

Therefore, it is easily seen that Advanced's Petition is without merit. This case presents no conflict in the law applied by the Courts below with any decision of this Court or any other Court. This case presents only a litigant who slept on its rights for five years to the serious prejudice of another party, and now attempts to convince this Court that there was no prejudice when two courts below found to the contrary based on facts which are not in dispute.

CONCLUSION

The evidentiary review sought by Advanced is clearly not sanctioned by Rule 19 of this Court; Advanced has presented no other reason for this Court's review and thus its Petition for a writ of certiorari to the United States Court of Appeals for the Seventh Circuit should be denied.

Respectfully submitted,

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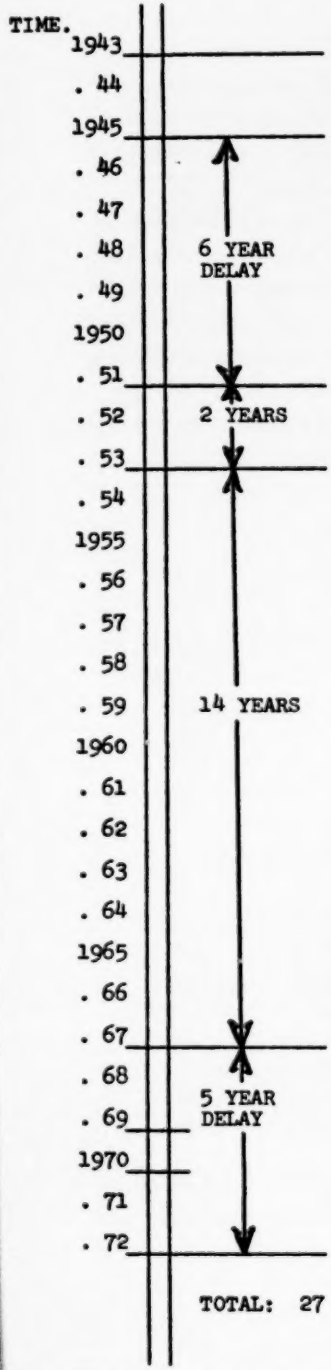
APPENDIX



PRIOR TO 1943-OTIS' PREDECESSOR COMMENCED MANUFACTURE OF HYDRAULIC FORK-LIFT TRUCKS. (DEF. ANS. TO PLT. INT. 27, JAN. 4, 1973)

1945-ANDERSON REDUCED TO PRACTICE THE SUBJECT MATTER OF THE PATENT IN SUIT. (PLT. ANS. TO DEF. INT. 26(b), JUNE 27, 1973)

FEBRUARY 16, 1951-ANDERSON FILED PATENT APPLICATION S.N. 211,387.

AUGUST 4, 1953-THE PATENT IN SUIT, U.S. NO. 2,647,590 FOR "HYDRAULIC ELEVATOR" ISSUED TO ANDERSON.

1967-ANDERSON ET AL. ORGANIZED THE PLAINTIFF, ADVANCED HYDRAULICS, INC. IN MARCH, AND IN JUNE HAVING OBTAINED OWNERSHIP OF PATENT IN SUIT, CHARGED INFRINGEMENT BY OTIS' FORK LIFT TRUCKS AND THREATENED OTIS WITH IMMEDIATE LEGAL ACTION. OTIS DENIED INFRINGEMENT IN SEPTEMBER AND REQUESTED PARTICULARS, BUT NEVER RECEIVED AN ANSWER.

1969-ANDERSON DIED.

AUGUST 4, 1970-U.S. PATENT 2,647,590 EXPIRED.

SEPTEMBER 26, 1972-ADVANCED HYDRAULICS, INC. COMMENCED THIS SUIT AGAINST OTIS.